Sprint

August 20, 2010

Via Electronic Submission

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th St., SW, Room TW-A325
Washington, DC 20554

Re: Ex Parte Communication
WC Docket No. 06-122; WC Docket No. 05-337; WC Docket No. 10-90

Dear Ms. Dortch:

Yesterday, Charles McKee, Marybeth Banks and I, all of Sprint Nextel Corporation ("Sprint"), met with Vickie Robinson, Carol Pomponio, Chin Yoo, Susan Lee, Nick Degani and Claudia Fox (via telephone) of the Wireline Competition Bureau to discuss contribution mechanisms for the existing high cost fund and any new broadband universal service fund.

Sprint emphasized that any USF contribution methodology must be competitively neutral, easy to administer, and unambiguous (not subject to interpretation or manipulation, a problem with the current contribution methodology), and discussed some of the difficulties related to proper categorization of continuously evolving advanced business products under the current USF contribution methodology. Sprint noted that it continued to support a numbers- based contribution methodology for the existing high-cost USF, but noted that telephone numbers are voice-centric and, accordingly, inappropriate as the contribution basis of any new broadband USF. Sprint suggested two possible alternative contribution methodologies for a broadband USF: a unit-based methodology (*e.g.,* flat-rated assessments on broadband subscriptions, and mobile accounts enrolled in a data plan), and a revenue-based methodology (the telecommunications portion of a telecommunications carrier's broadband retail service revenues).

Sprint also raised two other points. First, it proposed that contributions to any new broadband USF be recovered from each class of carrier in proportion to that class' benefit from the fund. For example, wireless carriers would fund the Mobility Fund in total because that fund would presumably distribute support entirely to wireless carriers. If wireline carriers received 90% of CAF subsidies, then 90% of contributions to that fund would be recovered from wireline carriers. This approach is equitable and nondiscriminatory, as required by Section 254(d) of the Act, and promotes competition in the telecommunications market, as required by Section 706. Except for direct recipients (as a class) of any broadband subsidy, broadband providers generally do not benefit from a broadband USF; it does not expand access to the PSTN or result in additional subscribers to another carrier's own broadband network.[1]

---

[1] Of course, this is not to say that a broadband USF does not promote the public interest generally. Improved broadband access is of vital importance to e-tailers, to government entities

Second, Sprint emphasized the need to "right size" any broadband USF to help ensure that the fund is sustainable and that contribution factors are reasonable. One means of right sizing a broadband USF is to limit subsidies to the difference between the cost of providing the broadband service and the reasonably comparable urban retail rate for broadband service. This approach is consistent with Section 254(b)(3) of the Act and Section 54.316(b) of the Commission's Rules, and, by ensuring that service providers recover a reasonable amount from their own end user customers, helps to minimize inter-carrier subsidies.

Pursuant to Section 1.1206 of the Commission's Rules, a copy of this letter is being filed electronically in the above-referenced dockets. If you have any questions, please feel free to contact me at (703) 433-4503.

Sincerely,

/s/ Norina Moy

Norina Moy
Director, Government Affairs

Cc: Vickie Robinson
Carol Pomponio
Chin Yoo
Susan Lee
Nick Degani
Claudia Fox

---

that are able to improve constituent services, to telemedicine patients and service providers, to the education community, etc.